



# Department of Justice

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**FORMER EXECUTIVE OF DOMEQ IMPORTERS INC. CHARGED WITH  
CONSPIRACY AND MONEY LAUNDERING**

WASHINGTON, D.C. -- A former chief operating officer of Domecq Importers Inc. of Old Greenwich, Connecticut today was charged with conspiracy and money laundering in connection with a scheme to divert more than \$15 million from the company into offshore bank accounts, the Department of Justice announced.

The two-count criminal case filed today in U.S. District Court in Manhattan, charges Alfredo Valdes with one count of participating in a conspiracy to evade income taxes, obstructing the Internal Revenue Service and committing mail fraud, and one count of money laundering.

Previously, two former top executives of Domecq Importers, president Gabriel Sagaz and vice president of sales Thomas Kaminsky, pleaded guilty to charges related to the same conspiracy.

Today's case developed as a result of evidence uncovered during the Antitrust Division's prosecutions of bid-rigging, commercial bribery, and tax-related offenses in the point-of-purchase advertising and display industry. To date, 26 individuals and nine corporations have already pleaded guilty to various federal charges also associated with the Division's ongoing investigation. Earlier prosecutions have involved personnel at Hiram Walker & Sons Inc. (Southfield, Mich.), Philip Morris Inc. (N.Y.), Heublein Inc. (Farmington, Conn.), Warner-Lambert Co. (Morris Plains, N.J.), Austin Nichols & Co. Inc. (N.Y.), Lorillard Tobacco Co. Inc. (Greensboro, N.C.), and Joseph E. Seagram & Sons Inc. (N.Y.).

"This case demonstrates the Antitrust Division's commitment to bring the full power of the criminal law against those who engage in anticompetitive and other illegal behavior," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "This investigation has resulted in a number of significant prison sentences which should serve as a deterrent to other corporate employees who abuse a position of trust."

According to the charges, Valdes and his co-conspirators diverted approximately \$15.6 million out of Domecq Importers, with the assistance of certain outside vendors of advertising and display materials and services who did business with the company. These outside vendors invoiced Domecq Importers for goods never produced or services never performed. Valdes and his co-conspirators approved the phony invoices for payment and had Domecq Importers pay them. The outside vendors, after receiving payment, issued checks to shell corporations controlled by Valdes and his co-conspirators. These checks were usually deposited in the conspirators' offshore bank accounts. None of the conspirators paid income taxes on this money.

Valdes, who worked at Domecq Importers between 1984 and August 1996, held numerous jobs related to finance, including director of finance, vice president for finance, and chief operating officer. In 1995 he became the company's vice president of marketing.

Since 1994 Domecq Importers Inc. has been an American subsidiary of Allied Domecq P.L.C., the world's second-largest liquor company. Allied Domecq P.L.C. is based in London and employs more than 70,000 people worldwide. Domecq Importers Inc. imports and distributes numerous brands of liquor, including Sauza tequila, Presidente brandy, Courvoisier cognac, and Beefeater gin. Before 1994 Domecq Importers Inc. was privately owned by Pedro Domecq Mexico, Pedro Domecq Spain, and Michael Domecq.

The maximum penalty for an individual convicted of conspiracy is a term of imprisonment up to five years, three years of supervised release, and a fine of the greatest of \$250,000, twice the

gross pecuniary gain derived from the offense, or twice the gross pecuniary loss caused to the victims of the crime.

The maximum penalty for an individual convicted of money laundering is a term of imprisonment up to 20 years, three years of supervised release, and a fine of the greater of \$500,000 or twice the value of the property involved in the transactions.

The prosecution of Valdes is the result of a joint investigation between the Antitrust Division's New York Field Office and the United States Attorney's Office for the Southern District of New York, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division. The investigation is continuing.

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